

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7695**

**BILL NUMBER:** HB 1962

**DATE PREPARED:** May 3, 2001

**BILL AMENDED:** Apr 29, 2001

**SUBJECT:** Various Unemployment Compensation Matters.

**FISCAL ANALYST:** Chuck Mayfield

**PHONE NUMBER:** 232-4825

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (CCR Amended) This bill reduces the unemployment taxes for all taxpaying employers by 0.1% for the years 2002 through 2004. It recaptures 0.09% of the reduction as an Incumbent Workers Training assessment, and provides for the establishment of the Skills 2016 Training Fund. The bill provides for the disbursement of the Skills 2016 Training Fund by the establishment of the Incumbent Workers Training Board. It provides that a portion of the disbursement of the Training Fund is to be used by Ivy Tech for certain training programs. The bill also makes certain changes in the administration of and eligibility for unemployment compensation.

**Effective Date:** (Amended) July 1, 2001; January 1, 2002.

**Explanation of State Expenditures:** (Revised) The bill would keep the employer's rate from dramatically increasing if the employer's increased costs were due to the property condemnation or destruction of the employer's property resulting in at least 50% of the employees receiving benefits. Currently, one employer with about 30 employees would qualify under the bill.

The bill allows the Commissioner of Workforce Development to adjust the estimated amount of employer contributions for failure to submit timely payroll reports. The employer must provide all the facts for failure to provide a timely report and submit an accurate and reliable payroll report. The provision would have minor fiscal impact.

The bill allows the Unemployment Insurance Board to use part-time administrative law judges for limited purposes. The use of the law judges would be within the existing revenue stream.

The bill removes automatic elimination of unemployment compensation benefits for home health care workers if the worker is dismissed from employment under the law requiring criminal history checks of home health care workers. The worker would still be subject to the same qualifying requirements as other workers.

The provision could have a minor increase in expenditures from the fund.

The bill establishes the Skills 2016 Training program administered by the Department of Workforce Development. The program is funded by a 0.9% assessment upon wages for calendar year 2002 through 2004. The assessment would generate about \$17 M annually

**Explanation of State Revenues:** (Revised) The bill reduces the contribution rate schedules for employers by 0.1% of wages for calendar year 2002 through 2004, or the lowest amount allowed under federal law. The tax revenue for the Unemployment Insurance Benefit Fund was \$300,347,379 for FY 2000. A reduction in the rates of 0.1% of wages would reduce revenue by about \$19 M per year annually.

The State of Indiana is self-insured for unemployment benefits and pays claims as they occur. Consequently, the reduction in rates would not affect the state.

The 0.09% assessment for the Skills 2016 Training Fund would generate about \$17 M annually.

**Explanation of Local Expenditures:** The impact on a local unit of government will be as an employer.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Workforce Development and all State Agencies.

**Local Agencies Affected:** All.

**Information Sources:** Charles Mazza, Department of Workforce Development, (317)232-7460.